SATTREX CAPITAL

INSTITUTIONAL-GRADE WEALTH MANAGEMENT & FINANCIAL ADVISORY

Senior Citizen Tax Planning & Holistic Financial Autonomy

Post-Budget 2024 Analysis & Strategic Advisory Framework for Retirees

At **Sattrex Capital**, we believe that effective financial planning goes far beyond tax minimization. While optimizing deductions and tax liabilities is crucial, a truly successful retirement strategy prioritizes freedom, peace of mind, operational ease, and capital preservation for senior citizens.

1. CATEGORIZATION & AGE THRESHOLDS UNDER INCOME TAX RULES

The Income Tax Act classifies individual taxpayers into distinct age brackets, each eligible for specific statutory concessions and operational ease:

Category	Age Qualification	Key Benefit Highlights
Senior Citizen	60 years to 79 years	Enhanced basic exemption limits, Higher 80D & 80TTB limits, Exemption from Advance Tax.
Super Senior Citizen	80 years and above	₹5,00,000 exemption limit under Old Regime, simplified return filing options.
Special Status (194P)	75 years and above	Exemption from filing Income Tax Returns (ITR) if specific conditions are met.

> **Statutory Clarification:** If a taxpayer turns 60 or 80 years old for even *a single day* during the relevant financial year, they qualify for senior or super senior citizen status for the entire tax year.

2. INCOME STREAMS & POST-BUDGET 2024 PROVISIONS

Pension & NPS Contributions

- **Standard Deduction on Pension:** Standard deduction under the **New Tax Regime** stands at **₹75,000** (up from ₹50,000). Under the **Old Tax Regime**, it remains **₹50,000**.
- **Employer NPS Contribution (Section 80CCD(2)):** Employers can contribute up to **14% of Salary + DA** towards NPS with tax deduction benefits across all employee sectors (brought at par with central government employees).
- **Family Pension:** Deduction for surviving spouses receiving family pension is **1/3rd of pension or ₹25,000** (whichever is lower) under the New Regime.
- **Annuity Receipts:** Income from deferred or immediate annuity insurance plans is treated as *Income from Other Sources* (standard deduction does not apply).

Capital Gains Framework Updates

Budget 2024 standardized capital gains tax rules across financial and non-financial assets:

- **Long-Term Capital Gains (LTCG) Exemption:** Increased to **₹1,25,000** per financial year for listed equities and equity mutual funds.
- **LTCG Tax Rate:** Rationalized to **12.5%** across listed assets and real estate.

- **Short-Term Capital Gains (STCG) Rate:** Increased to **20%** for equity assets to discourage short-term speculation.

3. OLD VS. NEW TAX REGIME DECISION MATRIX

Choosing between tax regimes is highly individual. Senior citizens with significant medical costs or home loan interest often benefit under the Old Regime, whereas those seeking simplicity benefit under the New Regime.

Deduction / Feature	Old Tax Regime	New Tax Regime
Basic Exemption	₹3 Lakhs (60+) / ₹5 Lakhs (80+)	₹3 Lakhs (For all categories)
Section 87A Rebate	Taxable income up to ₹5 Lakhs	Taxable income up to ₹7 Lakhs (Rebate up to ₹25,000)
Section 80D (Health)	Up to ₹50,000 (Insurance + Expenses)	Not Available
Section 80TTB (Interest)	Up to ₹50,000 (Savings & FDs)	Not Available
Section 24(b) (Home Loan)	Up to ₹2,00,000 on self-occupied	Not Available

4. SPECIAL COMPLIANCE CONCESSIONS

- **Section 194P (ITR Exemption for 75+):** Seniors aged 75 and above who earn only pension and interest income from the same specified bank can submit a simple declaration format to exempt themselves from filing annual ITR.
- **TDS Exemption Limit (Section 194A):** Tax Deduction at Source on interest income kicks in only above **₹50,000** for senior citizens (versus ₹10,000/₹40,000 for regular individuals).
- **Exemption from Advance Tax:** Senior citizens without business or professional income are not required to pay quarterly Advance Tax, eliminating penal interest risks under Section 234C.

5. BEYOND TAX: THE 6 PILLARS OF SENIOR FINANCIAL STRATEGY

While tax efficiency is vital, financial planning for senior citizens must prioritize overall well-being and risk management.

1. Personal Autonomy & Freedom

The primary goal of financial planning is enabling retirees to live on their own terms without financial dependence on third parties.

2. Capital Preservation & Risk Management

At ages 75–85+, capital erosion capacity is near zero. Investment products must strictly match low risk tolerance profiles.

3. Longevity Risk Protection

Plans should model retirement cash flows up to age 100+ to ensure retirees never outlive their wealth.

4. Emergency Liquidity & Inflation Buffers

Unplanned medical contingencies must be funded via segregated liquid reserves without forcing premature liquidation of core income assets.

5. Ease of Transaction & Paperwork Reduction

Financial assets must be simple to operate. Complex management assets (like rental real estate) often become burdensome at advanced ages.